

City of Thomas, Oklahoma

**Annual Financial Statements and
Accompanying Independent Auditor's Report**

Year Ended June 30, 2021



City of Thomas, Oklahoma
Principal Officials
June 30, 2021

COUNCIL MEMBERS

Mayor	Jeff Gose
Member	Andrew Thomas
Member	Ron Smith
Member	Deborah Dyck
Member	Kyle King

TREASURER
Kelly London

ENCUMBRANCE / MINUTE CLERK
Taffy Rigsby

City of Thomas, Oklahoma
Table of Contents
For the Year Ended June 30, 2021

	<u>Page No.</u>
Independent Auditor's Report	1-3
<u>Basic Financial Statements:</u>	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position – Modified Cash Basis	4
Statement of Activities- Modified Cash Basis	5-6
<u>Fund Financial Statements:</u>	
Balance Sheet – Modified Cash Basis—Governmental Funds	7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis –Governmental Funds	8-9
Statement of Net Position – Modified Cash Basis – Proprietary Funds	10
Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis – Proprietary Funds	11
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	12
Notes to the Basic Financial Statements	13-39
<u>Supplemental and Other Information</u>	
Budgetary Comparison Schedule – Modified Cash Basis – General Fund	40
Budgetary Comparison Schedule – Modified Cash Basis – Street & Alley	41
Schedule of Cash Flows- Sewer Lagoon – Modified Cash Basis	42
<u>Internal Control and Compliance over Financial Reporting</u>	
Independent Auditor's Report on Internal Controls Over Financial reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	43-44
Schedule of Findings and Responses	45

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Thomas, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thomas, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Thomas, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thomas, Oklahoma, as of June 30, 2021, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1A.

We did not audit the financial statements of Thomas Economic Development Authority, which represent 55 percent, 44 percent, and 23 percent, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Thomas Economic Development Authority, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Thomas, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Thomas, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Thomas, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Thomas, Oklahoma's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Thomas, Oklahoma's basic financial statements. The Schedule of Cash Flows-Sewer Lagoon financial statement is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the Schedule of Cash Flows-Sewer Lagoon financial statement is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

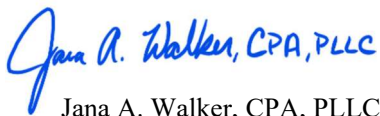
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2023, on our consideration of the City of Thomas, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Thomas, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Thomas, Oklahoma's internal control over financial reporting and compliance.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
April 5, 2023

CITY OF THOMAS, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
June 30, 2021

	Discretely Presented Component Units				
	Governmental Activities	Business-Type Activities	Total	Airport Authority	Economic Development Authority
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 736,994	\$ 143,654	\$ 880,648	\$ 719,876	\$ 340,456
Investments, including time deposits	284,154	32,198	316,352	-	-
Account receivable	-	-	-	-	-
Note receivable, current	-	-	-	-	107,811
Capital lease receivable, current	-	-	-	-	99,236
Other receivable	2,587	-	2,587	-	-
Total current assets	<u>\$ 1,023,735</u>	<u>\$ 175,852</u>	<u>\$ 1,199,587</u>	<u>\$ 719,876</u>	<u>\$ 547,503</u>
Restricted assets:					
Cash and cash equivalents	\$ -	\$ 109,232	\$ 109,232	\$ -	\$ -
Investments, including time deposits	-	25,073	25,073	-	-
Total restricted assets	<u>\$ -</u>	<u>\$ 134,305</u>	<u>\$ 134,305</u>	<u>\$ -</u>	<u>\$ -</u>
Noncurrent assets:					
Land and construction in progress	\$ 110,901	\$ 384,459	\$ 495,360	\$ 50,780	\$ -
Other capital assets, net of accumulated depreciation	1,288,567	4,386,099	5,674,666	1,460,405	-
Intangibles	-	165,792	165,792	-	-
Assets held for economic development	-	-	-	-	20,065
Note receivable, net of current	-	-	-	-	1,409,607
Capital lease receivable, net of current	-	-	-	-	842,490
Total noncurrent assets	<u>\$ 1,399,468</u>	<u>\$ 4,936,350</u>	<u>\$ 6,335,818</u>	<u>\$ 1,511,185</u>	<u>\$ 2,272,162</u>
TOTAL ASSETS	<u>\$ 2,423,203</u>	<u>\$ 5,246,507</u>	<u>\$ 7,669,710</u>	<u>\$ 2,231,061</u>	<u>\$ 2,819,665</u>
LIABILITIES					
Current liabilities:					
Other payable	\$ 1,482	\$ -	\$ 1,482	\$ -	\$ -
Deferred revenue	-	-	-	-	-
Payroll taxes payable	5,549	5,612	11,161	-	-
Bonds and notes payable, current	-	50,013	50,013	-	99,570
Total current liabilities	<u>\$ 7,031</u>	<u>\$ 55,625</u>	<u>\$ 62,656</u>	<u>\$ -</u>	<u>\$ 99,570</u>
Liabilities payable from restricted assets:					
Meter deposits payable	\$ -	\$ 53,810	\$ 53,810	\$ -	\$ -
Total liabilities payable from restricted assets	<u>\$ -</u>	<u>\$ 53,810</u>	<u>\$ 53,810</u>	<u>\$ -</u>	<u>\$ -</u>
Noncurrent liabilities:					
Bonds and notes payable, net of current	\$ -	\$ 2,633,425	\$ 2,633,425	\$ -	\$ 962,402
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ 2,633,425</u>	<u>\$ 2,633,425</u>	<u>\$ -</u>	<u>\$ 962,402</u>
TOTAL LIABILITIES	<u>\$ 7,031</u>	<u>\$ 2,742,860</u>	<u>\$ 2,749,891</u>	<u>\$ -</u>	<u>\$ 1,061,972</u>
NET POSITION					
Net investment in capital assets	\$ 1,399,468	\$ 2,252,912	\$ 3,652,380	\$ 1,511,185	\$ -
Restricted	71,521	80,496	152,017	-	-
Unrestricted	945,183	170,239	1,115,422	719,876	1,757,693
TOTAL NET POSITION	<u>\$ 2,416,172</u>	<u>\$ 2,503,647</u>	<u>\$ 4,919,819</u>	<u>\$ 2,231,061</u>	<u>\$ 1,757,693</u>

CITY OF THOMAS, OKLAHOMA
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government:					
General government	\$ 310,642	\$ 645	\$ 67,155	\$ 59,244	\$ (183,598)
Public safety and judiciary:					
Police	\$ 116,802	\$ 7,265	\$ -	\$ 172	\$ (109,365)
Fire	81,978	-	4,826	-	(77,152)
Judge fees	2,100	-	-	-	(2,100)
Ambulance	509	-	-	-	(509)
Emergency management	11,664	-	5,282	-	(6,382)
Total public safety and judiciary	\$ 213,053	\$ 7,265	\$ 10,108	\$ 172	\$ (195,508)
Transportation:					
Streets	\$ 27,361	\$ -	\$ -	\$ -	\$ (27,361)
Airport	-	-	-	-	-
Total transportation	\$ 27,361	\$ -	\$ -	\$ -	\$ (27,361)
Cultural, parks and recreation:					
Pool, parks, etc.	\$ 68,982	\$ 8,218	\$ -	\$ -	\$ (60,764)
Total cultural, parks and recreation	\$ 68,982	\$ 8,218	\$ -	\$ -	\$ (60,764)
Total governmental activities	\$ 620,038	\$ 16,128	\$ 77,263	\$ 59,416	\$ (467,231)
Business-type activities:					
Utility services:					
Water	\$ 260,103	\$ 304,034	\$ -	\$ -	\$ 43,931
Sewer	249,771	204,845	-	-	(44,926)
Sanitation	273,651	170,820	-	-	(102,831)
Ambulance	322	375	-	-	53
Customer Service	93,107	-	-	-	(93,107)
Total business-type activities	\$ 876,954	\$ 680,074	\$ -	\$ -	\$ (196,880)
Total primary government	\$ 1,496,992	\$ 696,202	\$ 77,263	\$ 59,416	\$ (664,111)
Component Units					
Airport Authority	\$ 153,052	\$ 10,647	\$ -	\$ 50,780	\$ (91,625)
Economic Development Authority	85,556	98,981	-	-	13,425
Total component units	\$ 238,608	\$ 109,628	\$ -	\$ 50,780	\$ (78,200)

CITY OF THOMAS, OKLAHOMA
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Change in Net Position:	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-type Activities	Total	Airport Authority	Economic Development Authority
Net (expense)/revenue	\$ (467,231)	\$ (196,880)	\$ (664,111)	\$ (91,625)	\$ 13,425
General revenues:					
Taxes:					
Sales tax	\$ 457,667	\$ -	\$ 457,667	\$ -	\$ -
Alcohol beverage tax	13,415	-	13,415	-	-
Cigarette tax	4,383	-	4,383	-	-
Franchise tax fees	34,387	-	34,387	-	-
Gas excise tax	1,210	-	1,210	-	-
Motor vehicle tax	8,616	-	8,616	-	-
Use tax	104,949	-	104,949	-	-
Licenses, permits, and fees	2,100	-	2,100	-	-
Rental income	750	44,447	45,197	1,700	-
Investment income	3,135	502	3,637	-	370
Insurance proceeds	-	-	-	-	-
Oil royalty	11,928	8,467	20,395	102,292	-
Penalties	-	10,430	10,430	-	-
Gain (loss) on disposition of capital assets	31,175	-	31,175	-	-
Airspace agreement	-	-	-	500,000	-
Bond fees	-	-	-	-	-
Miscellaneous	2,564	1,236	3,800	-	1,050
Transfers - Other governments, net	(106,914)	-	(106,914)	-	106,914
Total general revenues and transfers	\$ 569,365	\$ 65,082	\$ 634,447	\$ 603,992	\$ 108,334
Change in net position	\$ 102,134	\$ (131,798)	\$ (29,664)	\$ 512,367	\$ 121,759
Net position - beginning	2,314,038	2,635,445	4,949,483	1,718,694	1,635,934
Net position - ending	\$ 2,416,172	\$ 2,503,647	\$ 4,919,819	\$ 2,231,061	\$ 1,757,693

CITY OF THOMAS, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 664,669	\$ 72,325	\$ 736,994
Investments, including time deposits	284,154	-	284,154
Other receivable	2,553	34	2,587
TOTAL ASSETS	\$ 951,376	\$ 72,359	\$ 1,023,735
LIABILITIES			
Other payable	\$ 644	\$ 838	\$ 1,482
Deferred revenue	-	-	-
Payroll taxes payable	5,549	-	5,549
TOTAL LIABILITIES	\$ 6,193	\$ 838	\$ 7,031
FUND BALANCES			
Restricted	\$ -	\$ 71,521	\$ 71,521
Committed	-	-	-
Assigned	-	-	-
Unassigned	945,183	-	945,183
TOTAL FUND BALANCES	\$ 945,183	\$ 71,521	\$ 1,016,704
TOTAL LIABILITIES AND FUND BALANCES	\$ 951,376	\$ 72,359	\$ 1,023,735
Total fund balance - total governmental funds			\$ 1,016,704
Land and capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.			
Land and construction in progress			\$ 110,901
Capital assets, net of accumulated depreciation			1,288,567
Long-term portion of liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			-
Net position of governmental activities			<u>\$ 2,416,172</u>

CITY OF THOMAS, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Taxes:			
Sales tax	\$ 457,667	\$ -	\$ 457,667
Alcohol beverage tax	13,415	-	13,415
Cigarette tax	4,383	-	4,383
Franchise tax fees	34,387	-	34,387
Gas excise tax	-	1,210	1,210
Motor vehicle tax	-	8,616	8,616
Use tax	104,949	-	104,949
Fire department services	-	-	-
Fines and forfeitures	7,265	-	7,265
Licenses, permits, and fees	2,100	-	2,100
Rental	750	-	750
Grant	135,007	1,500	136,507
Investment	3,069	66	3,135
Donations	-	172	172
Swimming pool	8,218	-	8,218
Insurance proceeds	-	-	-
Oil royalty	11,928	-	11,928
Mowing	645	-	645
Miscellaneous	1,659	905	2,564
Total revenues	\$ 785,442	\$ 12,469	\$ 797,911
<u>EXPENDITURES</u>			
Current:			
General government	\$ 281,895	\$ 1,886	\$ 283,781
Public safety and judiciary:			
Police	\$ 95,481	\$ -	\$ 95,481
Fire	35,784	(20)	35,764
Judge fees	2,100	-	2,100
Ambulance	509	-	509
Emergency management	3,565	-	3,565
Total public safety and judiciary	\$ 137,439	\$ (20)	\$ 137,419
Transportation:			
Streets	\$ -	\$ 10,585	\$ 10,585
Airport	-	-	-
Total transportation	\$ -	\$ 10,585	\$ 10,585
Cultural, parks and recreation:			
Pool, parks, etc.	\$ 29,787	\$ -	\$ 29,787
Total cultural, parks and recreation	\$ 29,787	\$ -	\$ 29,787
Capital outlay	\$ 63,474	\$ -	\$ 63,474
Total expenditures	\$ 512,595	\$ 12,451	\$ 525,046
Excess (deficiency) of revenues over expenditures	\$ 272,847	\$ 18	\$ 272,865
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	\$ -	\$ 31,184	\$ 31,184
Transfers out	(138,098)	-	(138,098)
Proceeds from sale of capital assets	4,925	30,000	34,925
Total other financing sources (uses)	\$ (133,173)	\$ 61,184	\$ (71,989)
<u>SPECIAL ITEM</u>			
Initial balance of senior citizens fund cash accts	\$ -	\$ -	\$ -
Net change in fund balances	\$ 139,674	\$ 61,202	\$ 200,876
Fund balances - beginning	805,509	10,319	815,828
Fund balances - ending	\$ 945,183	\$ 71,521	\$ 1,016,704

CITY OF THOMAS, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Reconciliation of the change in fund balances - total governmental funds
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$ 200,876
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Amounts reported for governmental activities in the Statement of Activities are
different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	63,474
Depreciation expense	(158,466)

In the statement of activities, only the *gain (loss)* on the sale of capital assets is
reported, whereas in the governmental funds, the proceeds from the sale
increase financial resources. Thus, the change in assets differs from the
change in fund balance by the cost of the assets sold.

	<u>(3,750)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 102,134</u></u>
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CITY OF THOMAS, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
June 30, 2021

	Business-Type Activities Public Works Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 143,654
Investments, including time deposits	32,198
Other receivable	-
Total current assets	<u>\$ 175,852</u>
Restricted assets:	
Cash and cash equivalents	\$ 109,232
Investments, including time deposits	25,073
Total restricted assets	<u>\$ 134,305</u>
Noncurrent assets:	
Land and construction in progress	\$ 384,459
Other capital assets, net of accumulated depreciation	4,386,099
Intangibles	165,792
Total noncurrent assets	<u>\$ 4,936,350</u>
TOTAL ASSETS	<u><u>\$ 5,246,507</u></u>
LIABILITIES	
Current liabilities:	
Other payable	\$ -
Payroll taxes payable	5,612
Bonds and notes payable, current	50,013
Total current liabilities	<u>\$ 55,625</u>
Liabilities payable from restricted assets:	
Meter deposits payable	\$ 53,810
Total liabilities payable from restricted assets	<u>\$ 53,810</u>
Noncurrent liabilities:	
Bonds and notes payable, net of current	\$ 2,633,425
Total noncurrent liabilities	<u>\$ 2,633,425</u>
TOTAL LIABILITIES	<u><u>\$ 2,742,860</u></u>
NET POSITION	
Net investment in capital assets	\$ 2,252,912
Restricted	80,496
Unrestricted	<u>170,239</u>
TOTAL NET POSITION	<u><u>\$ 2,503,647</u></u>

CITY OF THOMAS, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities
	Public Works Authority
<u>Operating revenues:</u>	
Charges for services:	
Water	\$ 299,437
Sewer	204,845
Sanitation	170,820
Late penalties	10,430
Other	4,972
Miscellaneous	1,236
Rental/lease income	44,447
Oil royalty	8,467
	<hr/>
Total operating revenues	\$ 744,654
<u>Operating expenses:</u>	
Sanitation	\$ 127,512
Administration/General	383,908
Depreciation	288,525
Capital outlay	2,484
	<hr/>
Total operating expenses	\$ 802,429
Operating income (loss)	\$ (57,775)
<u>Non-operating revenues (expenses):</u>	
Investment income	\$ 502
Grant income	-
Contributions	-
Sale of assets	-
Interest income (expense)	(74,525)
	<hr/>
Total non-operating revenues (expenses)	\$ (74,023)
Net income (loss) before contributions and transfers	\$ (131,798)
Capital contributions	\$ -
Transfers in	
Transfers out	<hr/>
Change in net position	\$ (131,798)
Net position - beginning of year	<hr/>
	2,635,445
Net position - end of year	<hr/>
	\$ 2,503,647

CITY OF THOMAS, OKLAHOMA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities
	Public Works Authority
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$ 691,740
Receipts from rental/lease activities	52,914
Payments to suppliers	(307,631)
Payments to employees	(168,117)
Payments for taxes, duties, fines, and other fees or penalties	(12,464)
Other operating cash payments	(25,139)
Other operating cash receipts	-
Net cash provided (used) by operating activities	\$ 231,303
<u>Cash flows from noncapital financing activities:</u>	
Transfers (to) from other funds	
Receipts of customer utility deposits	7,285
Refunds of customer utility deposits	(5,750)
Net cash provided (used) by noncapital financing activities	\$ 1,535
<u>Cash flows from capital and related financing activities:</u>	
Purchase of capital assets	\$ (26,135)
Purchase of intangible assets	(2,424)
Sale of assets	
Proceeds from capital debt	-
Grant revenue	
Contributions	-
Principal paid on capital debt	(48,655)
Interest paid on capital debt	(74,525)
Loans for community development	-
Repayment of community development loans	-
Cash outlay for economic development	-
Net cash provided (used) by capital and related financing activities	\$ (151,739)
<u>Cash flows from investing activities:</u>	
Interest and dividends	\$ 419
Purchase of investments	-
Net cash provided (used) by investing activities	\$ 419
Net increase (decrease) in cash and cash equivalents	\$ 81,518
Cash and cash equivalents, July 1, 2020	171,368
Cash and cash equivalents, June 30, 2021	\$ 252,886
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>	
Operating income (loss)	\$ (57,775)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	288,525
Amortization expense	
Change in assets and liabilities:	
Other payable	
Payroll taxes payable	553
Net cash provided (used) by operating activities	\$ 231,303

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The City, for financial purposes, includes all of the funds and account groups relevant to the operation of the City of Thomas. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City. The financial statements presented herein do not include agencies which have been formed under applicable state law or separate and distinct units of government apart from the City of Thomas.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government as an integral part of City operations although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discretely.

In evaluating how to define the City of Thomas for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Component units may be presented as either a blended component unit or a discretely presented component unit. A blended component unit is a separate

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. A discretely presented component unit is a separate legal entity that meets the component unit criteria but does not meet the criteria for blending.

Based on the foregoing criteria, the City has presented the Thomas Public Works Authority as a blended component unit in the basic financial statements. The Thomas Public Works Authority was created to finance, develop, and operate the water, wastewater, and solid waste activities of the City. The City Council serves as the trustees of the Authority. Operations of the Public Works Authority are reported as an Enterprise Fund and do not issue separately audited component unit financial statements.

Secondly, based on the foregoing criteria, the Thomas Economic Development Authority qualifies as a discretely presented component unit. The Thomas Economic Development Authority was created to promote and encourage development of industry and commerce and other related activities on behalf of the City. Trustees are appointed by the Mayor and confirmed by the Board of Trustees and may be removed at will by the Board of Trustees. The City assumes no responsibility for the Economic Development Authority's day-to-day operations and the Authority's Trustees are responsible for management contracts. In addition, the City has no obligation for the debt of the Authority. The City feels that financial accountability does exist between the City and Economic Development Authority. The Board of Trustees requested a separate audit, which was conducted by another firm. A copy of said audit is available at the City Hall in Thomas, Oklahoma.

Thirdly, based on the foregoing criteria, the City has presented the Thomas Airport Authority as a discretely presented component unit. The Thomas Airport Authority was created to plan, establish, develop, construct, enlarge, improve, maintain, equip, operate, regulate, and provide and acquire financing for the Thomas Airport and air navigation facilities. Trustees are appointed by the Mayor and City Council of the City of Thomas. Trustees may be removed from office for cause. The beneficiary of the Trust is the City of Thomas, Oklahoma.

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

B. Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and statement of activities which display information about the reporting government as a whole. The statements distinguish between governmental and business-type activities. Individual funds are not displayed by the statements. The statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

The funds of the financial reporting entity are described below:

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of general fixed assets (capital project funds).

General Fund – The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds that are reported as nonmajor funds: Street and Alley Fund, Police Department Fund, Emergency Management Fund, Fire Department Fund, and the Beautification Account Fund.

Capital Project Funds – Capital project funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project funds that are reported as nonmajor funds: CENA Grant Fund and the FAA Grant Fund.

For governmental fund types, where restricted resources are available for appropriation, the City appropriates restricted resources to the extent available prior to utilizing unrestricted resources.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (Enterprise Funds) or to other departments or agencies primarily within the City (Internal Service Funds). The City presently has no internal service funds. For all business-type activities and enterprise funds the City applies FASB pronouncements issued after November 30, 1989.

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Enterprise Fund – Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Public Works Authority, which is reported as a major fund.

C. Measurement Focus and Basis of Accounting

The financial statements of the City are presented using a modified cash basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses as a result of cash transactions.

The government-wide statements report using the economic resources measurements focus and the modified cash basis of accounting. Proprietary and fiduciary fund financial statements and financial statements of the City's component units also report using the same focus and basis of accounting.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified cash basis of accounting.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Budgets and Budgetary Accounting

The city is required by state law to prepare an annual budget. The mayor submits an annual budget to the City Council in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the council for review and public hearings are held to address priorities and the allocation of resources. In June, the council adopts the annual fiscal year budget. This budget is prepared in accordance with the modified cash basis of accounting. Budgeted expenditures may not exceed total appropriations for the fund. The mayor is authorized to transfer any unexpended and unencumbered appropriations from one line item to another or one department to another within a fund, without further approval by the City Council. All supplemental appropriations or decrease in the total appropriation of a fund shall be adopted

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

at a meeting of the City Council and filed with the State Auditor and Inspector.

The legal level of control is by department within the fund. Expenditures may not exceed appropriations at this level. The City considers all appropriations to lapse at year-end.

E. Assets, Liabilities, and Equity

Cash and Cash Equivalents – Cash and cash equivalents consist of cash on hand, demand deposit accounts, and interest-bearing checking accounts.

Notes Receivable – All notes receivable arising from cash transactions that are to be repaid from third parties are reported as assets.

Investments – Investments consist of certificates of deposit or direct obligations of the United States Government and Agencies with maturities greater than three months. All investments are recorded at cost, which approximates market value.

Capital Assets – The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated fixed assets which are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capitalization decisions will be made based on the recommendation of the consulting accounting firm. Management established a capitalization limit of \$1,500.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Proprietary fund and similar component unit fixed assets are recorded in the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Buildings	40 years
Land Improvements	20 years
Leasehold Improvements	20 years
Machinery and Equipment	5-20 years
Water, Sewer, and Drainage Systems	20 years
Furniture and Fixtures	5-10 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Payroll Taxes Payable – The City recognizes a liability for any taxes that have been withheld from employee’s earnings but that have not been paid at year-end.

Long and Short-term Debt – In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability.

Meter Deposits Payable – The City recognizes a liability for the amount of meter deposits that are due to customers.

Equity Classifications

Governmental Fund Balances

The Governmental Accounting Standards Board (GASB) has issued *Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Committed

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council, the City's highest level of decision-making authority,

Assigned

Fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Net Position

Both proprietary fund financial statements and government-wide financial statements report net position. Net investment in capital assets and legally restricted amounts are separated from unrestricted net position.

Net investment in capital assets

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position

Amounts reported as restricted consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position

This consists of net position that does not meet the criteria of "restricted" or "net investment in capital assets."

F. Revenues, Expenditures, and Expenses

Revenues consist of the money derived from within the boundaries of the City or from parties outside the City's taxpayers and are available to the City for its use.

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. Also included are

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

G. Interfund Transactions

Interfund transactions are either loans or transfers. Loans are reported as receivables and payables, as appropriate, while interfund transactions are presented as transfers. There were no loans during fiscal year 2021. The General Fund transferred \$106,914 to the Thomas Economic Development Authority for sales tax collected, \$29,984 to the Street Capital Improvement Fund for sales tax collected, and \$1,200 to the Senior Citizens Fund.

H. Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

I. Allowance for Doubtful Accounts

There is not an allowance for doubtful accounts receivable or notes receivable. In the estimation of the City, based on historical trends, all receivables shown on the financial statements will be collectible.

Note 2. DEPOSIT AND INVESTMENT RISK MANAGEMENT

In accordance with Title 62, Section 516.3 of the Oklahoma statutes, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral which includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. All financial institutions pledging collateral to the City must have a written collateral agreement approved. The City's time, savings and demand deposits as of June 30, 2021, were completely insured or collateralized by federal deposit insurance, direct obligations of the United States Government, or securities held by the City or by its agent in the City's name.

Time and savings deposits – The City's time and savings deposits at June 30, 2021 are categorized to give an indication of the level of risk assumed by the City at year-end. The City's time deposits consist of certificates of deposit. It should be noted that the FDIC defines savings deposits as including all interest-bearing checking accounts.

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Demand deposits – The City’s demand deposits consist of non-interest- bearing checking accounts at June 30, 2021 and are categorized to give an indication of the level of risk assumed by the City at year-end.

Deposit Categories of Credit Risk

- (A) Insured by Federal Deposit Insurance
- (B) Collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name
- (C) Uncollateralized

	Category			Bank Balance or Cost
	A	B	C	
Time & savings deposits	\$ 780,255	\$ 702,861	\$ -	\$ 1,483,116
Demand deposits	438,645	469,876	-	908,521
Total	\$ 1,218,900	\$1,172,737	\$ -	\$ 2,391,637

Schedule of deposits and investments by Type - June 30, 2021 (Modified Cash Basis)

	Carrying Value	Maturity Date
Deposits:		
Demand deposits - non-interest-bearing	\$ 908,506	N/A
Demand deposits - interest-bearing	1,109,959	N/A
Savings deposits	31,732	N/A
Time deposit	109,383	3/09/2022
Time deposit	30,066	5/05/2022
Time deposit	30,066	5/05/2022
Time deposit	22,668	2/15/2022
Time deposit	34,734	11/12/2021
Time deposit	57,237	2/15/2022
Time deposit	25,073	11/26/2021
Time deposit	10,016	11/24/2021
Time deposit	10,016	12/21/2021
Time deposit	12,166	12/21/2021
Petty cash on hand	15	N/A
Total	\$ 2,391,637	

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Reconciliation to Statement of Net Position:

Governmental Funds:	
Cash and cash equivalents	\$ 736,994
Investments	284,154
Proprietary Funds:	
Cash and cash equivalents, unrestricted	143,654
Investments, unrestricted	32,198
Cash and cash equivalents, restricted	109,232
Investments, restricted	25,073
Component Units:	
Cash and cash equivalents, Airport Authority	719,876
Cash and cash equivalents, Economic	
Development Authority	<u>340,456</u>
Total	<u>\$2,391,637</u>

Note 3. NOTES RECEIVABLE

Component Units:

Thomas Economic Development Authority

Notes receivable consists of loans made to third parties for community development. Certain borrowers may have had deferred payments or modifications to their note approved due to the local economic downturn and the Covid 19 pandemic affecting the nation. The following briefly describes these receivables:

Schrock Automotive LLC – On May 22, 2018, the outstanding balance of another note for building improvements and equipment was transferred to this note with an original amount of \$20,014. The lease purchase agreement between the same parties is incorporated into the note agreement. Repayment terms are monthly payments of \$448 at 3.5% interest for 48 months. On March 3, 2020, the Board of Trustees approved the deferral of 5 months payments until the end of the note. The balance on this note as of June 30, 2021 was \$6,672.

Myriad Counseling Solutions LLC – On March 19, 2018, the Authority executed a promissory note with the debtors to advance up to \$166,668 for developing their property for their business. Repayment terms are for monthly

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

payments of \$1,101 beginning November 2018, at 3.75% interest until paid in full. Security for this promissory note is a mortgage on certain lots and real property, fixtures attached, and any improvements existing or hereafter acquired. The debtors also executed a ten year note with another entity for \$50,000 at 6.75% interest on July 24, 2018. Collateral is the same real property as the Authority's note. The unpaid balance of that note is \$38,752. The Authority is listed as a guarantor for the note with the other entity. On April 7, 2020, the Board of Trustees approved the deferral of 3 months payments until the end of the note. The balance owed the Authority as of June 30, 2021 was \$133,951.

William S. and Kelli Litsch – On September 21, 2015, the Authority executed a promissory note with these debtors not to exceed \$250,000. Security for this promissory note is a first mortgage on certain lots and real property, furniture, fixtures, equipment, and inventory existing or hereafter acquired. These certain lots and real property are also used to secure certain indebtedness (Swift notes) as noted in Note 8. Interest will accrue from the date of the final advancement at 3.5% interest over 180 months (as amended on October 4, 2016). Final repayment terms call for monthly payments of \$1,788 beginning August 1, 2016 and maturing on July 1, 2031. At the Board of Trustees March 6, 2019 meeting, the Board approved deferring two payments on this note to the end of the note term. On May 13, 2020, the Authority agreed to purchase a lot from the Litsch's and to release Kelli Litsch from the three notes in exchange for William S. Litsch's parents to become new co-borrowers. The balance on this note as of June 30, 2021 was \$179,044.

A second promissory note was executed on June 20, 2016, for \$102,000. Purpose was to purchase merchandise inventory which is used for collateral for this note. Repayment terms call for monthly payments of \$1,010 beginning August 1, 2016, at 3.5% interest until paid in full. Note matures on August 1, 2026. At the Board of Trustees March 6, 2019 meeting, the Board approved deferring two payments on this note to the end of the note term. The balance on this note as of June 30, 2021 was \$60,522.

A third promissory note was executed on March 18, 2019 for \$20,000. Purpose was to purchase merchandise inventory which is used as collateral for this note. Repayment terms call for monthly payments of \$556 beginning in May 2019, at 0.0% interest until paid in full. Note matures on May 6, 2022. The balance on this note as of June 30, 2021 was \$6,667.

Precision Design Inc. – The Authority sold property to the borrowers for \$600,000 and received \$120,000 down payment and financed the remaining \$480,000. Repayment terms call for monthly payments of \$2,909 beginning April 1, 2019 at 4.0% interest until paid in full. Note gave the borrowers the

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

option to make a 12 month prepayment on the note with \$1,700 being applied to the ground sublease payment. The borrowers did exercise this option and made another annual payment in fiscal year 2021. The balance on this note as of June 30, 2021 was \$314,295.

Supreme Trailer Sales LLC – This promissory note was executed on May 23, 2019 for \$500,000. Terms will be interest at 2.5% amortized over 20 years. Repayment began on March 9, 2020, with monthly payments of \$2,650. Note is secured by a mortgage of 5 acres of property deeded to borrowers along with all improvements made to the property. On November 26, 2019, the Authority borrowed \$250,000 from CKenergy Electric Cooperative, Inc. and assigned this note and mortgage to them as security. The balance on this note as of June 30, 2021 was \$471,329.

A second promissory note was executed on February 18, 2020, for \$120,000. Repayment terms call for \$636 monthly payments at 2.5% interest for 20 years. \$28,376 was refinanced from a lease purchase agreement. Note is secured by the building and lots 10, 11, 12, 15, 16 & 17 in block 99 of the City of Thomas. Lots 15, 16, & 17 are subject to a note payable to Pioneer Telephone Cooperative, Inc., as more fully discussed in Note 8. Balance at June 30, 2021 is \$113,042.

Dog Pound Fitness LLC – These consists of two notes to one borrower for a building and equipment. Building and equipment notes are for \$72,000 and \$30,000, respectively. Interest will be at 3.25% and repayment to begin on November 1, 2019. Monthly payments are \$461 and \$217, respectively. The balance at June 30, 2021 was \$60,296 and \$19,254, respectively. Total is \$79,550.

Jimmy Litsch – On May 13, 2020, the Authority loaned \$100,000 to the borrower secured by real estate and equipment. Repayment terms call for monthly payments of \$1,819 at 3.5% interest beginning July 1, 2020. The balance as of June 30, 2021 was \$70,933.

J. Masquelier – On February 24, 2021, the Authority loaned \$70,00 to the borrower secured by real estate and remodeling expenses. Repayment terms call for monthly payments of \$518 at 4.0% interest for a term of 15 years after the final advance is made. The balance at June 30, 2021, was \$58,015.

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

SC Meats – On February 11, 2021, the Authority entered into an agreement with Thomas Public Works Authority (TPWA) and South Canadian Meats, LLC (SC Meats). The agreement calls for the Authority to advance to TPWA the costs to construct a force main sewer lift station on property owned and maintained by TPWA. SC Meats agrees to pay the Authority \$1,000 per month beginning the month the lift station becomes operational until the full amount advanced by the Authority has been reimbursed. During the repayment period, TPWA agrees to waive all sewer/wastewater charges of SC Meats until the obligation to the Authority is satisfied. After satisfaction of the debt to the Authority, SC Meats and TPWA will negotiate further wastewater charges. TPWA also agrees to pay for the required generator at the new lift station. The Authority had donated five acres of land (cost \$7,500) toward this project. The balance at June 30, 2021 was \$23,398.

A summary of notes receivable activity follows:

Note Receivable	Balance at July 1, 2020	New Receivable	(Repayments)	Balance at June 30, 2021	Due Within One Year	Note Receivable Net of Current
Schrock						
Automotive	\$ 11,987	\$ -	\$ (5,315)	\$ 6,672	\$ 5,222	
W. Litsch	191,104	-	(12,060)	179,044	18,109	
W. Litsch	68,572	-	(8,050)	60,522	11,889	
W. Litsch	12,222	-	(5,555)	6,667	6,667	
Precision Design	328,112	-	(13,817)	314,295	5,951	
Supreme Trailer	492,906	-	(21,577)	471,329	18,375	
Supreme Trailer	118,222	-	(5,180)	113,042	4,411	
Dog Pound	84,990	-	(5,440)	79,550	5,596	
Myriad Solutions	140,651	-	(6,700)	133,951	8,261	
J. Litsch	97,884	-	(26,951)	70,933	19,628	
Masquelier	-	59,003	(988)	58,015	3,702	
SC Meats	-	23,398	-	23,398	-	
	<u>\$1,546,650</u>	<u>\$ 82,401</u>	<u>\$ (111,633)</u>	<u>\$ 1,517,418</u>	<u>\$ 107,811</u>	<u>\$ 1,409,607</u>

Note 4. CAPITAL LEASE RECEIVABLE

Component Units:

Thomas Economic Development Authority

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Capital lease receivable is a lease-purchase loan made to a third party with a bargain purchase option.

Schrock Automotive, LLC – On February 13, 2012, the Authority entered into a capital lease agreement for the building and equipment. The capital lease agreement has a principal amount of \$126,600 to be repaid over 120 consecutive monthly installments of \$1,237 with payments beginning March 13, 2012. The stated interest rate is 3.25%. At the end of the lease, Schrock Automotive may purchase the building and equipment for \$1. This lease is secured by the building and equipment. The building and equipment has a first mortgage to CKenergy Electric Cooperative who loaned the Authority the funds to purchase the building and equipment as noted in Note 8. The balance on this agreement as of June 30, 2021 is \$14,887.

A second contract between the Authority and Schrock Automotive, LLC, was executed on January 18, 2017. This contract provided for Schrock Automotive to deed to the Authority real estate located adjacent to the property stated in the first paragraph and then for the Authority to construct a commercial building and other improvements on these premises. Upon substantial completion of the construction (estimated to be \$650,000), the two parties will enter into a written lease purchase agreement for the Authority's construction and other costs to be repaid with 4% interest and monthly payments over 15 years. The commercial building and other improvements has a mortgage to the Bank of the West who loaned the Authority the funds for the construction as noted in Note 8. The accumulated construction balance (which includes \$14,446 capitalized interest costs) totaled \$664,320 on this agreement. The balance at June 30, 2021 is \$573,037.

Foamtech Inc. – The Authority executed a lease purchase agreement on March 16, 2016, with Foamtech Inc. for certain real estate it owns along with an agreement to construct a building on the property. At the end of the construction period, the total construction costs will be used to determine the purchase price. The building and land has a mortgage to the Bank of the West who loaned the Authority the funds to construct the building as noted in Note 8. On March 27, 2017, the parties executed a revised lease purchase agreement stating the total construction costs were \$458,797 (which included \$6,901 in capitalized interest costs). Terms then call for interest at 3.5% over 120 months beginning April 1, 2017, and monthly payments of \$4,524 thereafter. Maturity is March 31, 2027. The balance on this agreement at June 30, 2021, was \$282,661.

Roywell LLC – The Authority executed a lease purchase agreement on November 27, 2017, with Roywell LLC for certain real estate it owns along with an agreement to construct a building on the property. In July 2018,

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

construction was completed with the total construction costs determined to be \$223,773. Repayment terms call for interest at 3.75% over 60 months beginning on July 10, 2018. Monthly payments are \$4,087. Roywell sold this property and paid off the agreement in September 2020. The balance on this agreement at June 30, 2021, was \$ -0- .

Tiny Terriers LLC – The Authority executed a lease purchase agreement on June 16, 2021 with Tiny Terriers LLC and individual owners for certain real estate and improvements. Original amount was for \$110,000 (amended to \$144,195 on September 3, 2021). The repayment terms on the amended amount calls for monthly payments of \$1,228 at 3.5% interest, 12 year term, beginning November 1, 2021. The balance of this agreement at June 30, 2021, was \$71,141.

The following is a summary of the capital lease receivable transactions ending June 30, 2021:

Capital Lease Receivable	Balance at July 1, 2020	New Receivable	(Repayments)	Balance at June 30, 2021	Due Within One Year	Capital Lease Receivable Net of Current
Schrock Automotive	\$ 29,826	\$ -	\$ (14,939)	\$ 14,887	\$ 14,573	
Schrock Automotive	603,022	-	(29,985)	573,037	36,905	
Foamtech	326,337	-	(43,676)	282,661	45,005	
Roywell LLC	138,849	-	(138,849)	-	-	
Tiny Terriers	-	71,141		71,141	2,753	
TOTALS	<u>\$ 1,098,034</u>	<u>\$ 71,141</u>	<u>\$ (227,449)</u>	<u>\$ 941,726</u>	<u>\$ 99,236</u>	<u>\$ 842,490</u>

Total Minimum Lease Payments

Receivable at June 30, 2021	\$1,129,205
Less Interest to be Earned	<u>(187,479)</u>
Capital Lease Receivable	<u>\$ 941,726</u>

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 5. RESTRICTED ASSETS

Primary Government:

Business-Type Activities

A portion of the amount reported as restricted assets for the Public Works Authority is composed of the amounts held for utility deposits (refunded upon termination of service or applied to final bill) of \$53,810.

Under the terms of the long-term note payable to the United States Department of Agriculture Rural Development, the Authority is required to make payments into a restricted account to fund a debt service reserve account. This reserve is required to establish an emergency fund for maintenance and repairs and debt repayment, should the need arise. The Authority shall set aside into the USDA Reserve Account the sum of 10% of the monthly installment until one annual installment is accumulated. Ten percent of the proposed loan installment would equal \$1,026.49 per month. The balance in the USDA Reserve Account as of June 30, 2021 is \$50,194.

The minimum future commitments to the debt reserve fund are detailed below:

Year Ending June 30	
2022	\$ 12,318
2023	12,318
2024	12,318
2025	12,318
2026	12,318
Thereafter	11,396
Totals	<u>\$ 72,986</u>

Additionally, the Authority is required to fund a depreciation reserve for short-lived assets by depositing a sum of \$1,000 monthly. The balance in the USDA Short-lived Asset Account as of June 30, 2021 is \$30,301. The minimum future commitments to the short-lived asset account are detailed below:

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Year Ending June 30	
2022	\$ 12,000
2023	12,000
2024	12,000
2025	12,000
2026	12,000
Thereafter	389,699
Totals	<u>\$ 449,699</u>

Note 6. CAPITAL ASSETS

For the year ended June 30, 2021 capital asset balances changed as follows:

Primary Government:

Governmental Activities

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Buildings	\$ 233,922	\$ 10,649	\$ -	\$ 244,571
Construction in progress	72,072	16,736	-	88,808
Drainage System	8,473	-	-	8,473
Furniture & Fixtures	266,046	-	-	266,046
Land	22,092	-	-	22,092
Land Improvements	926,461	7,589	-	934,050
Machinery and Equipment	904,281	28,500	(64,942)	867,839
Total	\$ 2,433,347	\$ 63,474	\$ (64,942)	\$2,431,879
Less accumulated depreciation	935,137	158,466	(61,192)	1,032,411
Fixed assets, net	<u>\$ 1,498,210</u>	<u>\$ (94,992)</u>	<u>\$ (3,750)</u>	<u>\$1,399,468</u>

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Business-Type Activities

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Buildings	\$ 173,847	\$ -	\$ -	\$ 173,847
Construction in progress	188,394	-	(188,394)	-
Land Improvements	87,743	214,528	-	302,271
Land	384,459	-	-	384,459
Machinery and Equipment	342,134	-	-	342,134
Water & Sewer System	5,501,404	-	-	5,501,404
Total	\$ 6,677,981	\$ 214,528	\$ (188,394)	\$ 6,704,115
Less accumulated depreciation	1,645,032	288,525	-	1,933,557
Fixed assets, net	\$ 5,032,949	\$ (73,997)	\$ (188,394)	\$ 4,770,558

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheets.

Component Units:

Thomas Airport Authority

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Construction in progress	\$ -	\$50,780	\$ -	\$ 50,780
Land Improvements	2,353,260	-	-	2,353,260
Machinery and Equipment	53,280	1,500	-	54,780
Total	\$ 2,406,540	\$52,280	\$ -	\$ 2,458,820
Less accumulated depreciation	827,058	120,577	-	947,635
Fixed assets, net	\$ 1,579,482	\$ (68,297)	\$ -	\$ 1,511,185

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Thomas Economic Development Authority

All of the Authority's capital assets are used for economic development.

Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charges to governmental activities:

General government	\$ 26,861
Public safety and judiciary	75,634
Transportation	16,776
Culture, parks and recreation	<u>39,195</u>

Total governmental activities depreciation expense \$158,466

Depreciation expense charges to business-type activities:

Water	\$117,722
Sewer	79,316
Sanitation	66,142
Ambulance	145
Customer service	<u>25,200</u>

Total business-type activities depreciation expense \$288,525

Note 7. ASSETS HELD FOR ECONOMIC DEVELOPMENT

Component Units:

Thomas Economic Development Authority

Assets Held for Economic Development consist of capital assets purchased to promote economic development in accordance with the trust indenture. Assets may be sold or donated to a prospective business. Assets are recorded at cost. Depreciable assets are not depreciated. Since the Authority reports on the modified cash basis, adjusting the assets held for economic development to current market value is not appropriate. At June 30, 2021, assets held for economic development consist of land owned by the Authority.

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 8. BONDS, NOTES AND LOANS PAYABLE

Primary Government:

Business-Type Activities

Bonds, notes and loans payable consist of notes payable for the Public Works Authority briefly described as follows:

USDA - Under the loan agreement dated July 2, 2015, the Authority obtained financing in the amount of \$2,984,000. The loan is a 2.75% interest loan with a term of forty years. The Authority is to remit payments in the amount of \$10,265 in four hundred eighty equal monthly installments beginning August 2, 2015. The purpose of this loan was to obtain financing for the sewer lagoon project. This loan is collateralized by a real estate mortgage. The balance on this loan as of June 30, 2021 is \$2,683,438.

The following is a summary of the debt transactions of the Public Works Authority for the year ended June 30, 2021:

Balance – July 1, 2020	\$2,732,093
Additions	-
Retirements	<u>48,655</u>
Balance – June 30, 2021	<u><u>\$2,683,438</u></u>

Reconciliation to Statement of Net Position:

Current Liabilities: Bonds, notes and loans payable	\$ 50,013
Noncurrent Liabilities: Bonds, notes, and loans payable	<u>2,633,425</u>
Balance - June 30, 2021	<u><u>\$2,683,438</u></u>

The annual debt service requirements for retirement of principal and payment of interest are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 50,013	\$ 73,167	\$ 123,180
2023	51,405	71,775	123,180
2024	52,837	70,343	123,180
2025	54,309	68,871	123,180
2026	55,821	67,359	123,180
Thereafter	2,419,053	1,063,752	3,482,805
Totals	<u><u>\$ 2,683,438</u></u>	<u><u>\$ 1,415,267</u></u>	<u><u>\$ 4,098,705</u></u>

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Interest expense on debt incurred during the current year totaled \$74,525.

Component Units:

Thomas Economic Development Authority

Bonds, notes and loans payable consist of notes payable for the Thomas Economic Development Authority and are briefly described as follows:

CKenergy Electric Cooperative, Inc. – Revolving Loan Fund – Under the loan agreement dated January 9, 2012, the Authority obtained financing in the amount of \$126,600. The interest rate is 3.25% with a term of ten years. The Authority is to remit payments in the amount of \$1,237 in one hundred twenty equal monthly installments beginning April 1, 2012. The purpose of this loan was to purchase economic development property which was subsequently sold to Schrock Automotive, LLC, under a lease purchase agreement. This loan is collateralized by a real estate mortgage on the building and equipment. The balance on this loan as of June 30, 2021 is \$10,985.

A second loan agreement for \$250,000 dated November 26, 2019, was entered into for the purpose of obtaining financing for the Supreme Trailers \$500,000 note receivable. This note receivable along with its mortgages have been assigned to secure this loan. Terms of the note payable is monthly payments of \$2,531 at 4% interest for 120 months. The balance on this loan as of June 30, 2021 is \$216,756.

Bank of the West – The Authority executed two promissory notes with the Bank of the West during fiscal year 2017. One is dated July 19, 2016 for \$250,000. Terms call for repayment at 4% interest, monthly payments of \$2,538 for 60 months with a balloon payment at maturity on July 19, 2021. On August 16, 2021, this note was modified to extend the maturity date to July 19, 2026. Monthly payments and interest rate stayed the same. The purpose of the loan was for financing the construction of a commercial building for the Foamtech lease purchase agreement in Note 4. Collateral for the note is a mortgage on the 20 acres land the Authority owns along with any improvements existing or made in the future. The balance of this loan as of June 30, 2021 is \$139,090.

The second promissory note is dated January 12, 2017 with a maturity date of January 12, 2022. This note advances funds to the Authority as needed up to a maximum of \$650,000. Interest is at 4%. Terms call for monthly interest payments from February, 2017 to January 12, 2018. Then monthly

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

payments of \$3,959 beginning February 12, 2018 until January 12, 2022 when the note balloons and all outstanding principal and interest is due. On January 12, 2022, this note was modified to mature (balloons) on January 12, 2026. Monthly payments and interest rate stayed the same. The purpose of the loan is for the construction of a commercial building for Schrock Automotive. Note has a mortgage on the property on 119 East Broadway and 14 Airport Road in Thomas, OK. The balance of this loan as of June 30, 2021 is \$572,239.

Southwest Intermediary Finance Team, Inc. (SWIFT) – The Authority executed two promissory notes with SWIFT. Both have a mortgage on lots 10, 11, 12, and 13 Block 85 and a Uniform Commercial Code security interest in the personal property, and the assignment of rents received on these properties.

The first note is dated February 9, 2017 for \$50,000, 3.75% interest rate with maturity on February 9, 2022. Note terms are for monthly payments of \$915 beginning March 9, 2017 until paid in full. The balance of this loan as of June 30, 2021 is \$7,202.

The second note is dated February 22, 2017 for \$150,000, 3.75% interest rate with maturity on February 9, 2032. Note terms are for 180 payments of \$1,091 beginning March 9, 2017 until paid in full. The balance of this loan as of June 30, 2021 is \$115,700.

The following is a summary of the debt transactions of the Thomas Economic Development Authority for the year ended June 30, 2021:

Notes Payable	Balance at July 1, 2020	New Debt	(Repayments)	Balance at June 30, 2021	Due Within One Year	Note Payable Net of Current
CKenergy Electric	\$ 25,221	\$ -	\$ (14,236)	\$ 10,985	\$ 10,985	
CKenergy Electric	237,996	-	(21,240)	216,756	22,106	
Bank of the West	163,350	-	(24,260)	139,090	25,370	
Bank of the West	596,061	-	(23,822)	572,239	24,980	
SWIFT	17,703	-	(10,501)	7,202	7,202	
SWIFT	124,312	-	(8,612)	115,700	8,927	
TOTALS	\$ 1,164,643	\$ -	\$ (102,671)	\$ 1,061,972	\$ 99,570	\$ 962,402

Reconciliation to Statement of Net Position:

Current Liabilities: Bonds, notes and loans payable	\$ 99,570
Noncurrent Liabilities: Bonds, notes, and loans payable	<u>962,402</u>
Balance - June 30, 2021	<u><u>\$1,061,972</u></u>

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

The annual contractual debt service requirements for retirement of principal and payment of interest are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 99,570	\$ 40,291	\$ 139,861
2023	84,348	37,075	121,423
2024	87,790	33,632	121,422
2025	91,373	30,049	121,422
2026	532,935	18,850	551,785
2027-2031	156,574	14,452	171,026
2032	9,382	154	9,536
Totals	<u>\$ 1,061,972</u>	<u>\$ 174,503</u>	<u>\$ 1,236,475</u>

Note 9. EMPLOYEE RETIREMENT SYSTEM

The City, as the employer, participates in the statewide cost-sharing multi-employer defined benefit plan on behalf of the volunteer firefighters. The system is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

During the year ending June 30, 2021, the City was required to contribute \$60.00 per volunteer. The City contributed \$840 during the current year, which represents 100% of the required contribution.

The City participates in the Oklahoma Municipal Retirement Fund for employees. Participating employees have a mandatory contribution of 5.25%. During the year ended June 30, 2021, the City had an employer funding rate of 16.18%. The City and employees made the following contributions to the plan during the current year:

City	\$44,021
Employees	<u>13,511</u>
Total Contributions	<u>\$57,532</u>

The City's contribution represented 100% of the required contribution.

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- Surety Bond – covered through a public employee blanket bond with CNA Surety Company
- Workers' Compensation – covered through participation in CompSource Oklahoma
- General and Physical Property – covered through participation in Oklahoma Municipal Assurance Group risk entity pool, with a transfer of risk to the pool
- Commercial Property and General Liability - covered through participation in Oklahoma Municipal Assurance Group risk entity pool, with a transfer of risk to the pool
- Airport Property – covered through National Hangar Insurance Program
- Fire Vehicle and Equipment Liability - covered through participation in Oklahoma Municipal Assurance Group risk entity pool, with a transfer of risk to the pool and also through VFIS
- Volunteer Fire Department Accident & Disability – covered through Nationwide Insurance Company

Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Note 11. CONTINGENCIES

The City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Note 12. LITIGATION

City officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the City.

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 13. CONSTRUCTION IN PROGRESS

Primary Government:

Governmental Activities

The City is involved in the construction of sidewalks, a highway project, a Safe Route to Schools project, a Downtown Streetscape Phase 2 project, a clock project, and a Housing and Urban Development apartments project. As of June 30, 2021, these amounts totaled \$88,808.

Component Units:

Thomas Airport Authority

The Authority is involved in the construction of an apron and taxiway. As of June 30, 2021, this project totaled \$50,780.

Note 14. COMMITMENTS

Primary Government:

Governmental Activities

The Thomas Economic Development Authority is dependent upon funding from the City to fund its operations. The Authority received \$106,914 from the City during the year. The funds represent a one-percent City sales tax that is transferred from the City's General Fund. Although due to Oklahoma law the City may not obligate beyond its fiscal year, the City has agreed to consider budgeting and appropriating, on a year-to-year basis, this one-percent sales tax to the Authority. If the City were to not budget and appropriate this one-percent sales tax, the Authority may not be able to meet its debt service requirements.

Component Units:

Thomas Economic Development Authority

The Authority entered into a lease agreement with the City of Thomas, (as lessor), on February 24, 1998, in which the Authority leased real property to develop an industrial facility to be leased to a tenant. No rental payments are required under the terms of the lease. The consideration shall be the installation, construction, and operation of improvements to the leased property. At the end of the 50 year lease term, the Authority has the option to renew the lease for a

City of Thomas, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

like term. On February 20, 2019, the Authority has executed a sublease of a portion of this real property with Precision Design, Inc. (subtenant), in consideration of the payment of \$1,700 annually. The sublease will have the same lease term as the Authority's lease as long as the subtenant occupies the property. For the year ending June 30, 2021, the Authority paid the City of Thomas the \$1,700 rent received.

On July 23, 2018, the Authority signed a guaranty agreement for a loan from a third party to Myriad Counseling Solutions LLC. The loan was for \$50,000 at 6.75% with a maturity of July 24, 2028. The current balance of the third party loan at June 30, 2021 is \$38,752. The Authority has a note receivable with Myriad Counseling Solutions LLC as more fully described in Note 4.

On December 18, 2019, the Authority has committed \$50,000 to support the City of Thomas HUD for Main Street Housing Grant. These monies would be used to support business owners with renovation, if needed. As of the audit date, no funding has been provided.

Note 15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 5, 2023 and believes that, with the exception of the above paragraphs, there are no additional subsequent events that need to be disclosed. April 5, 2023 is the date that the financial statements were available to be issued.

SUPPLEMENTAL AND OTHER INFORMATION

**STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MODIFIED CASH BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	BUDGETED AMOUNTS			ACTUAL
	ORIGINAL	REVISIONS	FINAL	AMOUNTS
<u>REVENUES</u>				
Taxes:				
Sales tax	\$ 492,000	\$ -	\$ 492,000	\$ 457,667
Alcohol beverage tax	10,000	-	10,000	13,415
Cigarette tax	4,000	-	4,000	4,383
Franchise tax fees	35,000	-	35,000	34,387
Gas excise tax	-	-	-	-
Motor vehicle tax	-	-	-	-
Use tax	85,000	-	85,000	104,949
Fire department services	-	-	-	-
Fines and forfeitures	2,000	-	2,000	7,265
Licenses, permits, and fees	1,500	-	1,500	2,100
Rental	500	-	500	750
Grant	-	150,000	150,000	135,007
Investment	5,000	-	5,000	3,069
Donations	-	-	-	-
Swimming pool	3,000	-	3,000	8,218
Insurance proceeds	-	-	-	-
Oil royalty	15,000	-	15,000	11,928
Mowing	750	-	750	645
Miscellaneous	-	-	-	1,659
Total revenue	\$ 653,750	\$ 150,000	\$ 803,750	\$ 785,442
<u>EXPENDITURES</u>				
Current:				
General government	\$ 325,800	\$ -	\$ 325,800	\$ 281,895
Public safety and judiciary:				
Police	\$ 109,200	\$ -	109,200	\$ 95,481
Fire	40,000	-	40,000	35,784
Judge fees	2,100	-	2,100	2,100
Ambulance	600	-	600	509
Emergency management	5,500	-	5,500	3,565
Total public safety and judiciary	\$ 157,400	\$ -	\$ 157,400	\$ 137,439
Transportation:				
Streets	\$ -	\$ -	\$ -	-
Airport	-	-	-	-
Total transportation	\$ -	\$ -	\$ -	\$ -
Cultural, parks and recreation:				
Pool, parks, etc.	\$ 29,500	\$ -	\$ 29,500	\$ 29,787
Total cultural, parks and recreation	\$ 29,500	\$ -	\$ 29,500	\$ 29,787
Capital outlay	\$ 30,000	\$ 150,000	\$ 180,000	\$ 63,474
Total expenditures	\$ 542,700	\$ 150,000	\$ 692,700	\$ 512,595
Revenue over (under) expenditures	\$ 111,050	\$ -	\$ 111,050	\$ 272,847
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in/(out)	\$ (154,500)	\$ -	\$ (154,500)	\$ (138,098)
Sale of capital assets	-	-	-	4,925
Net other financing sources (uses)	\$ (154,500)	\$ -	\$ (154,500)	\$ (133,173)
Revenues and other financing sources over (under) expenditures and other uses	\$ (43,450)	\$ -	\$ (43,450)	\$ 139,674
Fund balance at beginning of year			805,509	805,509
Fund balance at end of year			\$ 762,059	\$ 945,183

See accompanying notes to the financial statements.

**CITY OF THOMAS, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MODIFIED CASH BASIS
STREET & ALLEY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	BUDGETED AMOUNTS			ACTUAL
	ORIGINAL	REVISIONS	FINAL	AMOUNTS
<u>REVENUES</u>				
Taxes:				
Gas excise tax	\$ 2,500	\$ -	\$ 2,500	\$ 1,210
Motor vehicle tax	8,500	-	8,500	8,616
Investment income	-	-	-	4
Total revenue	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 9,830</u>
<u>EXPENDITURES</u>				
Transportation:				
Streets	\$ 13,600	\$ -	\$ 13,600	\$ 10,470
Total expenditures	<u>\$ 13,600</u>	<u>\$ -</u>	<u>\$ 13,600</u>	<u>\$ 10,470</u>
Revenue over (under) expenditures	\$ (2,600)	\$ -	\$ (2,600)	\$ (640)
Fund balance at beginning of year			<u>4,372</u>	<u>4,372</u>
Fund balance at end of year			<u><u>\$ 1,772</u></u>	<u><u>\$ 3,732</u></u>

**CITY OF THOMAS, OKLAHOMA
SCHEDULE OF CASH FLOWS - SEWER LAGOON
MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Cash flows from operating activities:

Receipts from customers		\$ 204,845
Payments to suppliers:		
Fuel and oil	\$ (1,410)	
Insurance	(426)	
Maintenance & operations	(12,507)	
Office supplies	(226)	
Total payments to supplies		(14,569)
Payments to employees		(16,812)
Net cash provided (used) by operating activities		\$ 173,464

Cash flows from capital and related financing activities:

Principal paid on capital debt	\$ (48,655)
Interest paid on capital debt	(74,525)
Transfer to USDA Reserve Account	(12,318)
Transfer to USDA Short-lived Asset Account	(12,000)
Net cash provided (used) by capital and related financing activities	\$ (147,498)
Net cash provided (used) by sewer lagoon activities	\$ 25,966

NOTE: Due to differences in the allocation methods used, the amounts reported on this schedule may differ from the revenues and expenses reported in the financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Thomas, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Thomas, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Thomas, Oklahoma's basic financial statements, and have issued our report thereon dated April 5, 2023. Our report includes a reference to other auditors who audited the financial statements of Thomas Economic Development Authority as described in our report on the City of Thomas, Oklahoma's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Thomas, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Thomas, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Thomas, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

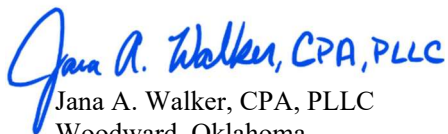
As part of obtaining reasonable assurance about whether City of Thomas, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-001.

City of Thomas, Oklahoma's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Thomas, Oklahoma's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Thomas, Oklahoma's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
April 5, 2023

**City of Thomas, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2021**

FINDING 2021-001 Lack of Timely Filed Audit

Condition: Audit report issued after allotted 180 days from year end.

Criteria: In accordance with the Oklahoma State Statute 11 O.S. §17-105 - 113; 60 O.S. § 180.1-.3 the City shall furnish copies of the reports of the financial audit within 180 days after the end of each fiscal year.

Cause: Late filing of prior year audits and unavailable information from discretely presented component units included with the report.

Effect or Potential Effect: Failure to submit when required causes gas excise tax to be withheld.

Recommendation: Ensure records are available for inspection subsequent to year end in a timely manner.

Response: Management will make arrangements to have their records inspected quicker after year end to ensure the timely completion of an audit.